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TAGS: [PREL](#) [ECPS](#) [EMIN](#) [EPET](#) [EAID](#) [EFIN](#) [MARR](#) [SENV](#) [TRGY](#)
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SUBJECT: CHINA'S ENGAGEMENT IN NIGER

REF: A. SECSTATE 41697
[1](#)B. 07 NIAMEY 1359
[1](#)C. 08 NIAMEY 278
[1](#)D. 06 NIAMEY 866

[1](#)1. (SBU) Summary. On April 14, the Chinese Ambassador to Niger gave an interview to the Nigerien weekly newspaper "La Griffe" (The Claw). In the article he summarized China's aid projects in Niger. He stated that Chinese aid to Niger was given "without selfishness and without conditions." The Chinese Ambassador was not entirely forthcoming, however, because in the article he failed to discuss the mineral concessions and other business contracts that have been awarded to Chinese companies in recent years - except to deny rumors of a link between the two. End summary.

[1](#)2. (U) The most talked about Chinese development project in Niger is the construction of a second bridge spanning the Niger River in Niamey. The first bridge, known as the Kennedy Bridge, was built in 1969. To date, it is the only bridge over the Niger River in the country. The bridge is congested and dangerous, and a second bridge is greatly needed. The cornerstone of the bridge was placed with great fanfare on November 5, 2007 (Ref B). There has been no additional work on the bridge since that time.

[1](#)3. (U) The Chinese have sponsored, or are in the process of sponsoring, other highly visible construction projects: a water treatment plant, a sports stadium, a housing complex, a center to combat malaria, a commercial center, and two rural schools. One symbol of China's increasing presence in Niger is the construction of the new PRC Embassy. In addition to these projects, China has increased the number of Nigerien products which can be exported to China duty free, sent 30 physicians to provide health services in local hospitals, given medicine, farm equipment, hospital equipment, and office equipment to various entities, and has forgiven approximately \$12 million in debt (Ref B).

[1](#)4. (U) China's presence in Niger is not confined to aid. Chinese national companies operate in many of Niger's important economic areas: uranium, oil, telecommunications, and textiles.

[1](#)5. (U) URANIUM: In November 2007, the GON and the government of China created a mining company known as SOMINA. Thirty-three percent of the company is owned by the GON, 5 percent is owned by a private Nigerien citizen, and 62 percent is owned by the Chinese Nuclear International Uranium Corporation (CNIUC) in partnership with the Chinese investment company Zxjoy Technology and Trade. On April 8, a wholly-owned subsidiary of CNIUC, SinoUranium, along with the Chinese Hydraulic and Hydroelectric Construction Group Corporation (Sinohydro Corp), signed a deal with the GON to establish a mining operation at the Azelik mining site near the town of Arlit. The mine will operate under the auspices

of SOMINA. When the mine becomes operational in 2011, it is expected to produce 700 tons of uranium per year. According to the GON Director of Mines, China will receive 62 percent of the uranium produced at the mine. The GON and the private Nigerien citizen will have the option to sell their respective 33 and 5 percent of the uranium to China or to third parties on the open market.

¶6. (SBU) OIL: In March 2008, the Chinese National Petroleum Corporation (CNPC) was awarded one-third of an oil exploration and production permit for an area known as the Agadem Block. Previously held by a joint ExxonMobil-Petronas venture, the Agadem block is known to contain at least 320 million barrels and may, in fact, contain much more (Ref C). The award of the Agadem block partially to the CNPC has not been announced officially. China is apparently unhappy sharing the permit, and the Ministry of Mines and Energy is reportedly having difficulty negotiating an agreement between China and the other two partners. It has been rumored that construction on the second bridge over the Niger River will not move forward until China is satisfied with its level of participation in the Agadem Block.

¶7. (U) TELECOMMUNICATIONS: Two Chinese firms are intricately involved in Niger's telecommunications industry. In 2001, the Nigerien state-owned telephone company SONITEL was privatized and purchased by Chinese and Libyan interests. China's stake in SONITEL is held through its state-owned telecommunications company ZTE. Additionally, the privately-held Chinese telecommunications giant Huawei Technologies is responsible for the creation and maintenance of the GON's intranet service.

¶8. (U) TEXTILES: In 1997, the GON privatized its textile

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production company, ENITEX, which was bought by Shanghai WorldBest Hometex, a subsidiary of the Chinese state-owned company China WorldBest Group (CWBG). ENITEX controls 80 percent of Niger's domestic textile market. In 2007, ENITEX shut down all of its milling and weaving operations, effectively wiping out commercial textile production in Niger. ENITEX retained only its printing and dyeing operations, which rely solely on imported fabric from China. In 2006, the Chinese Ambassador reported that ENITEX's owners were interested in eventually phasing out the company entirely (Ref D). When China took control of ENITEX it employed over 700 people. Today it employs 190.

9.(U) Comment. There is a good reason why the Chinese Ambassador preferred to highlight China's aid programs rather than its business dealings in Niger: China's commercial transactions are perceived locally as not benefiting Nigerien citizens. First, Chinese construction projects in Niger are completed with mostly Chinese labor. Second, Chinese control of various entities has not been shown to greatly improve services or add jobs to the economy. For example, in 2006 the GON threatened to revoke ZTE's telecommunications license because it failed to make promised upgrades. Although some improvements have been made since then, the changes have not occurred fast enough and ZTE's contract is currently being reviewed by the National Assembly. Third, despite what the Chinese Ambassador said, many people in Niger believe that Chinese aid is contingent upon the rewarding of lucrative government contracts to state-owned Chinese entities. End Comment.

¶10. (U) Embassy Niamey maintains good relations with the PRC Embassy in Niamey. Currently, post is not cooperating with the GOC on any specific projects, but interactions at local meetings are relaxed and cordial.

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